

**CONTRACT #6
RFS # 317.05-095
FA-05-16373**

**Department of Finance and
Administration
Division of Accounts**

**VENDOR:
Link2Gov Corporation**



RECEIVED

FEB 12 2008

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF ACCOUNTS
21ST FLOOR, WILLIAM R. SNODGRASS TENNESSEE TOWER
312 - 8TH AVENUE, NORTH
NASHVILLE, TENNESSEE 37243-0293

FISCAL REVIEW

DAVE GOETZ
COMMISSIONER

To: Jim White, Director
Fiscal Review Committee

From: Jan I. Sylvis *Jan I. Sylvis*
Chief of Accounts

Subject: Request for review of amendments to increase maximum liability of
contracts for credit card acceptance and processing

Date: February 5, 2008

The State of Tennessee accepts credit cards for payment. Currently, American Express, Discover, Diner's Club, MasterCard and VISA are accepted.

The Division of Accounts maintains 3 contracts for the acceptance and processing of these credit cards. The 3 contracts are:

- American Express (acceptance of American Express credit card) obtained via Non-Competitive Request
- Discover (acceptance of Discover credit card) obtained via Non-Competitive Request
- Link2Gov (credit/debit card acceptance and processing services) obtained via Alternative Procurement Request

Due to the increased number of transactions and the increase in the number of merchant locations, the maximum liability needs to be increased for these contracts.

Also, contact information in Section E.2. is being updated.

All required documentation is attached.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

RECEIVED

FEB 12 2008

Commissioner of Finance & Administration

Date:

FISCAL REVIEW

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #

317.05-095

2) State Agency Name :

DEPARTMENT OF FINANCE AND ADMINISTRATION

EXISTING CONTRACT INFORMATION

3) Service Caption :

Contract for credit/debit card acceptance and processing services

4) Contractor :

LINK2GOV CORPORATION

5) Contract #

FA- 05-16373

6) Contract Start Date :

May 27, 2005

7) Current Contract End Date IF all Options to Extend the Contract are Exercised :

May 26, 2010

8) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :

\$2,600,000.00

PROPOSED AMENDMENT INFORMATION

9) Proposed Amendment #

One

10) Proposed Amendment Effective Date :

(attached explanation required if date is < 60 days after F&A receipt)

April 10, 2008

11) Proposed Contract End Date IF all Options to Extend the Contract are Exercised :

May 26, 2010

12) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :

\$5,000,000.00

13) Approval Criteria :
(select one)

use of Non-Competitive Negotiation is in the best interest of the state


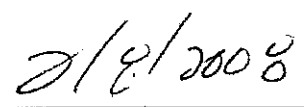


only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

Amendment increases contract's maximum liability in order to continue accepting credit cards (excluding American Express and Discover). This amendment does not provide for any additional services nor does it impact the contract's current scope of services.

The contact information in Section E.2. is updated.

15) Explanation of Need for the Proposed Amendment :	
In order to provide credit cards (e.g., Visa and MasterCard) as a payment option, an amendment to increase the maximum liability of this contract is required because the number of merchant locations and the volume of transaction activity have increased.	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required if proposed contractor is a state education institution)	
Link2Gov Corporation, 1 Burton Hills Boulevard, Suite 300, Nashville, Tennessee 37215	
17) Documentation of Office for Information Resources Endorsement : (required <u>only</u> if the subject service involves information technology)	
select one:	<input checked="checked" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
18) Documentation of Department of Personnel Endorsement : (required <u>only</u> if the subject service involves training for state employees)	
select one:	<input checked="checked" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
19) Documentation of State Architect Endorsement : (required only if the subject service involves construction or real property related services)	
select one:	<input checked="checked" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :	
<p>The original procurement was competitive via an Alternative Procurement Request. This Non-Competitive form is required due to the increase in the contract's maximum liability.</p> <p>The maximum liability needs to be increased due to the increase in fees because the number of merchant locations and the volume of transaction activity have increased.</p>	
21) Justification for the Proposed Non-Competitive Amendment :	
See 20) above.	
REQUESTING AGENCY HEAD SIGNATURE & DATE : (<u>must</u> be signed & dated by the <u>ACTUAL</u> procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)	
	
Agency Head Signature	Date

CONTRACT SUMMARY SHEET

121107

RF87		Contract #	
317.05-095		FA-05-16373-	
State Agency		State Agency Division	
Finance and Administration		Division of Accounts	
Contractor Name		Contractor ID # (FEIN or SSN)	
Link2Gov Corporation		C- or <input checked="" type="checkbox"/> V- 62-1868563	
Service Description			
Contract for credit/debit card acceptance and processing services			
Contract BEGIN Date	Contract END Date	Subrecipient Vendor?	CFDA #
5/27/2005	5/26/2010	Vendor	
Make each TRUE statement			
<input checked="" type="checkbox"/> Contractor is on STARS		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts	
Allocation Code	Obj. Code	Object Code	Fund
317.05	51220	083	12
FY	State	Federal	Interdepartmental
2005			\$ 50,000.00
2006			\$ 500,000.00
2007			\$ 500,000.00
2008			\$ 1,500,000.00
2009			\$ 1,450,000.00
2010			\$ 1,000,000.00
TOTAL	\$ -	\$ -	\$ 5,000,000.00
State Agency/Fiscal Contact & Telephone #			
Rhonda Hicks -- 741.9795			
FY	State Contract & Prior Amendments	FYIS Amendment ONLY	State Agency/Budget Officer Approval
2005	\$ 50,000.00	\$ -	
2006	\$ 500,000.00	\$ -	
2007	\$ 500,000.00	\$ -	
2008	\$ 550,000.00	\$ 950,000.00	
2009	\$ 500,000.00	\$ 950,000.00	
2010	\$ 500,000.00	\$ 500,000.00	
TOTAL	\$ 2,600,000.00	\$ 2,400,000.00	
End Date	5/26/2010	5/26/2010	
Contractor Ownership (complete for ALL base contracts -- N/A to amendments or delegated authorities)			
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> NOT Minority/Disadvantaged
Contractor Selection Method (complete for ALL base contracts -- N/A to amendments or delegated authorities)			
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation*	<input type="checkbox"/> Alternative Competitive Method*	
<input type="checkbox"/> Non-Competitive Negotiation*	<input type="checkbox"/> Negotiation w/ Government (ID, GG, GU)		
Procurement Process Summary (complete for Non-Competitive Negotiation, Competitive Negotiation, or Alternative Method)			

**AMENDMENT ONE
TO FA-05-16373**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration and Link2Gov Corporation, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section C.1. Maximum Liability. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed five million dollars (\$5,000,000.00). The Unit Prices in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Prices include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Prices detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

2. The text of Contract Section E.2. Communications and Contacts. is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Annette White, Director of Cash Management
Department of Finance and Administration
312 8th Avenue North, 14th Floor Tennessee Tower, Nashville, TN 37243
Annette.A.White@state.tn.us
Telephone # 615.532.1088
FAX # 615.532.2332

The Contractor:

Elizabeth Lodewijk, Director of Account Management
Link2Gov Corporation
1 Burton Hills Boulevard Suite 300
Nashville, TN 37215
elodewijk@link2gov.com
Telephone # 615-297-2770 ext. 236
FAX # 615.297.9032

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

The revisions set forth herein shall be effective April 10, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

LINK2GOV CORPORATION:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

APPROVED:

M. D. GOETZ, JR., COMMISSIONER

DATE

DEPARTMENT OF FINANCE AND ADMINISTRATION

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE



FISCAL REVIEW COMMITTEE
STATE OF TENNESSEE
8th FLOOR, RACHEL JACKSON BUILDING
NASHVILLE, TN 37243-0057
(615) 741-2564

Representative Charles Curtiss
Chairman

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman

DATE: February 8, 2005

SUBJECT: Contract Comments (Contract Services Subcommittee
Meeting 2/7/05)

RFS# 317.05-038

Dpartment: Finance and Administration

Contractor: Bank of America, N.A. (USA) and Link2Gov Corporation

Summary: This contract allows for statewide credit card and debit card processing; Visa/Mastercard and debit card acceptance and settlement.

Original maximum liability: \$2,600,000

After reviewing the above-referenced contract request the Fiscal Review Committee voted to recommend approval of the contract by the Commissioner of Finance and Administration.

CC:LSC

cc: The Honorable Dave Goetz, Department of Finance and Administration
Mr. Robert Barlow, Director of the Office of Contracts Review



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF ACCOUNTS
21ST FLOOR, WILLIAM R. SNODGRASS TENNESSEE TOWER
312 - 8TH AVENUE, NORTH
NASHVILLE, TENNESSEE 37243-0293

DAVE GOETZ
COMMISSIONER

To: Jim White, Director
Fiscal Review Committee
G-19 War Memorial Building

From: Jan Sylvis
Chief of Accounts

Subject: Non-Competitive Contract

Date: January 31, 2005

The Division of Accounts establishes and manages a statewide contract for merchant services used to provide MasterCard and Visa credit card acceptance services to agencies. Our current contract with KMS expires July 9, 2005. The contract began on July 10, 2000 and was a three-year contract with two one-year extensions. The state began exploring a new procurement in 2002. We started the procurement process with a Request for Information (RFI) to determine how the marketplace had changed since our last procurement.

Our procurement required proposals by 10/20/2003. Several vendors proposed, but due to some not answering the basic RFP requirements and receiving multiple proposals from the same vendor, the RFP was cancelled. We initiated the next procurement so that the proposals were due on 1/26/2004. Again several vendors proposed, but due to their failure to respond to all requirements, none of the proposals submitted complied with the RFP requirements and the proposals were determined nonresponsive. Hoping to meet an upcoming deadline for not renewing the current contract, we attempted a competitive negotiation process with the same vendors who responded to the last procurement, along with additional vendors. Again, the responding vendors failed to meet the RFP requirements. Each time we reviewed our RFP requirements and made adjustments for marketplace issues.

We recently initiated a fourth procurement that required proposals by 01/07/05. We held a pre-bid conference that was well attended. We received five proposals. All but one vendor failed to meet the RFP requirements. The remaining vendor passed the mandatory and technical requirements, but failed to complete the cost proposal as required. Its cost proposal varied from the format on one small category, Diner's Club credit card acceptance.

We request to enter into a non-competitive negotiation with this remaining vendor. Our intention was to contract with a vendor to begin the transition in March within the state parks before their peak season. To be able to convert to a new vendor by the current contract termination date, we need to identify a vendor promptly. By negotiating with the remaining vendor, the state will be able to clarify the cost item and move towards executing a contract for merchant services in time to provide uninterrupted service to state agencies.

REQUEST: NON-COMPETITIVE CONTRACT**APPROVED****Commissioner of Finance & Administration****Date:**

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.

RFS #	317.05-038		
STATE AGENCY NAME	Finance and Administration		
SERVICE CAPTION	Statewide Credit Card & Debit Card Processing; Visa/Mastercard Acceptance & Settlement; Debit Card Acceptance & Settlement		
PROPOSED CONTRACTOR	Bank of America, N.A.(USA) and Link2Gov Corporation		
CONTRACT START DATE: (if date is < 60 days after F&A receipt, attach required explanation)	March 1, 2005		
LATEST POSSIBLE END DATE: (including ALL options to extend)	February 28, 2007		
TOTAL MAXIMUM COST: (including ALL options to extend)	\$2,600,000 (estimated \$2,080,000 for card association interchanges fee and rates and estimated \$520,000 for Contractor fees)		
APPROVAL CRITERIA (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service		
ADDITIONAL REQUIRED REQUEST DETAILS BELOW: (address each item immediately following the requirement text)			
(1) description of service to be acquired:			
The State intends to secure a contract for: (a) Credit card, off-line debit card and on-line (PIN-based) debit card acceptance and processing services; (b) Implementation and support of Point-of-sale (POS) terminals, PC-based, Internet and third-party interface processing; (c) Ability to accept electronic checks over the counter.			
(2) explanation of the need for or requirement placed on the procuring agency to acquire the service:			
In order to provide credit/debit cards as payment options at state parks and on Tennessee.gov, a contract that governs the rules relating to the acceptance and processing is required.			
(3) explanation of whether the service was ever bought by the procuring agency in the past, and if so, what method was used:			

to acquire it:

In 1991, the Department of Finance and Administration contracted for credit card acceptance and Point of Sale(POS) terminal deployment services for Tennessee State Parks. In 1996, a new contract was executed for use by all state agencies wanting to accept and process credit cards via POS terminals. The primary user of this contract remained Tennessee State Parks with its lodging, restaurant and retail outlets. The Department of Finance and Administration's Division of Accounts was responsible for management of the credit card acceptance contract. The fall of 2000 brought about a new contract and two significant events that moved the State into new modes of accepting and transmitting credit card information. In October 2000, the State entered the e-commerce world with the advent of a centralized state Internet portal, Tennessee.gov. The first application launched was the Department of Safety's Driver's License Renewal application. In November 2000, Tennessee State Parks began implementation of an integrated hospitality management system for its six resort parks. Also that fall, the State centralized within the Division of Accounts the recording of accounting entries for all transactions and fees processed by the merchant service contractor. The contracts for credit card acceptance and POS terminal services have been competitively procured (RFP process) with the exception of an interim period (1999 to 2000) when the 1996 contract was assigned to another vendor without the State's permission following a bank merger. The interim contract was implemented for continuity of services until a RFP could be issued and a new contract awarded.

(4) name and address of the proposed contractor's principal owner(s):
 (not required if proposed contractor is a state education institution)

Bank of America - 414 Union St. TN1-100-02-09, Nashville, TN 37219 - Martha Moss, Senior Vice President & Treasury Mgt. Sales Officer

Link2Gov Corporation - 1 Burton Hills Boulevard Suite 300, Nashville, TN 37215 - Edward M. Haslem, President

(5) evidence that the proposed contractor has experience in providing the service and evidence of the length of time the contractor has provided service:

The contractors' experience and its length of time in providing these services has been verified and evaluated as part of the review and evaluation of the Technical Proposals submitted in response to the 3 RFPs issued to obtain these services. See attached "Procurement Process for Merchant Services Contract"

(6) documentation of GPR endorsement of the Non-Competitive procurement request:
 (required only if the subject service involves information technology)

select one:

☐

Documentation Not Applicable to this Request

☒

Documentation Attached to this Request

(7) documentation of Department of Personnel endorsement of the Non-Competitive procurement request:
 (required only if the subject service involves training for state employees)

select one:

☒

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

(8) description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation:

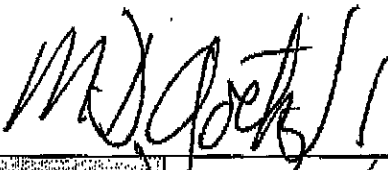
See attached "Procurement Process for Merchant Services Contract"

(9) justification of why the state should acquire the service through Non-Competitive Negotiation rather than through a competitive process:
 (Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)

See attached "Procurement Process for Merchant Services Contract"

AGENCY HEAD REQUEST SIGNATURE:

(must be signed by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR — signature by an authorized signatory will be accepted only in documented exigent circumstances)



SIGNATURE DATE:

2/1/2005



STATE OF TENNESSEE

FAX TRANSMITTAL

TO:	Bill Ezell, Chief Executive Officer Office for Information Resources	FAX # 741-4589
FROM:	Rhonda Hicks, Asst Director for Administration Division of Accounts	FAX # 532.2332
DATE:	October 1, 2004	
RFS#	317.05-029	
RE:	OIR Procurement Endorsement Documentation for — MERCHANT SERVICES (Credit card, debit card and electronic check acceptance and processing services; Point-of-sale terminals, PC-based, Internet and third-party interface processing; Ability to accept over the counter.	

NUMBER OF FAX PAGES (INCLUDING COVER):

The proposed, service procurement documents referenced above are hereby forwarded to the Office for Information Resources (OIR) for review. The subject scope of services appears to include information systems services or information technology support activities.

This communication seeks to ensure that OIR is aware of the procurement and has an opportunity to review the matter to determine whether OIR is supportive. Please indicate OIR endorsement of the procurement described by signature below and return this communication at your earliest convenience (note the return FAX number above).

If you have any questions or concerns about this matter, please call Rhonda Hicks at 741.9795.

Thank you for your help.

Attachment

OIR ENDORSES THE SUBJECT PROCUREMENT REQUEST
Office for Information Resources

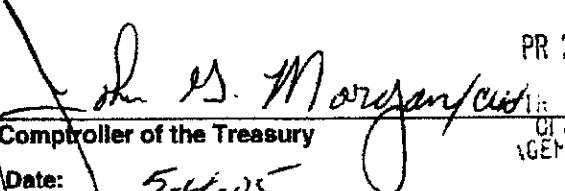
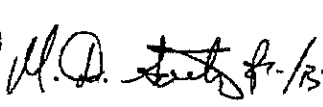
Date

10/14/04

CONTRACT SUMMARY SHEET

RFS Number:	317.05-038			Contract Number:			
State Agency:	Department of Finance & Adm			Division:	Accounts		
Contractor				Contractor Identification Number			
Bank of America, N.A.(USA) and Link2Gov Corporation				<input checked="" type="checkbox"/>	V-		
					C-		
Service Description							
Contract for credit/debit card and electronic checking acceptance and processing serices							
Contract Begin Date				Contract End Date			
March 1, 2005				February 28, 2007			
Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code	
317.05	2007	083	12	on STARS			
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)		
2005			300,000		300,000		
2006			600,000		600,000		
2007			600,000		600,000		
2008			600,000		600,000		
2009			500,000		500,000		
Total:	-	-	2,600,000	-	2,600,000		
CFDA #				Check the box ONLY if the answer is YES:			
State Fiscal Contact				Is the Contractor a SUBRECIPIENT? (per OMB A-133)			
Name:	Rhonda Hicks			Is the Contractor a VENDOR? (per OMB A-133)			
Address:	14th Floor 312 8th Ave N			Is the Fiscal Year Funding STRICTLY LIMITED?			
Phone:	741-9795			Is the Contractor on STARS?			
Procuring Agency Budget Officer Approval Signature				Is the Contractor's FORM W-9 ATTACHED?			
				Is the Contractors Form W-9 Filed with Accounts?			
				Funding Certification			
COMPLETE FOR ALL AMENDMENTS (only)				Pursuant to T.C.A., Section 9-6-113, I, M D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.			
	Base Contract & Prior Amendments	This Amendment ONLY					
END DATE →	February 28, 2007						
FY: 2005	300,000						
FY: 2006	600,000						
FY: 2007	600,000						
FY: 2008	600,000						
FY: 2009	500,000						
Total:	2,600,000	-					

REQUEST: ALTERNATIVE PROCUREMENT METHOD

APPROVED  Comptroller of the Treasury Date: 5-4-05	RECEIVED PR 29 AM 8:00 OFFICE OF MANAGEMENT SERVICES	APPROVED  Commissioner of Finance & Administration Date: 4/28/05
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Note: Comptroller approval is required for an Alternative Competitive process that will result in a contract requiring the approval of the Comptroller.

Each of the request items below indicates specific information that <u>must</u> be individually detailed or addressed <u>as required</u> . A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.	
RFS #	317.05-042
STATE AGENCY NAME :	Finance and Administration
SERVICE CAPTION :	Statewide Credit Card & Debit Card Processing; Visa/Mastercard Acceptance & Settlement; Debit Card Acceptance & Settlement
CONTRACT START DATE : (if date is < 60 days after F&A receipt, attach required explanation)	5/27/2005
LATEST POSSIBLE END DATE : (including ALL options to extend)	5/26/2010
TOTAL MAXIMUM COST : (including ALL options to extend)	\$2,600,000 (estimated \$2,080,000 for card association interchange fees and rates and estimated \$520,000 for Contractor fees)
ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text)	
(1) description of service to be acquired :	
The State intends to secure a contract for: (a) Credit card, off-line debit card and on-line (PIN-based) debit card acceptance and processing services; (b) implementation and support of Point-of-sale (POS) terminals, PC-based, Internet and third-party interface processing;	
(2) justification for using an Alternative Procurement Method rather than an RFP :	
See attached "Procurement Process for Merchant Services Contract". ^{attached} See <u>Attachment</u> .	
(3) proposed alternative procurement procedures and contractor selection criteria :	
A selection of potential contractors will be developed from a review of VISA/MC- compliant service providers, that are not banks nor processors. Those potential contractors will be invited to a pre-bid telephone conference. At the pre-bid conference the pro-forma contract will be discussed as well as a mandatory requirements document and a price schedule document. The procurement process will also be discussed. Responses to the Mandatory Requirements will be reviewed first by a panel of state employees. The Price Schedules will be opened for all Vendors who pass the mandates. A Evaluation Cost Amount will be calculated for each passing Vendor. The contract will be awarded to the Vendor with Lowest Evaluation Cost Amount.	
See attached Merchant Service Procurement document.	

RECEIVED

APR 26 2005

Office of Contract Review

CY05 #260

(4) documentation of OIR endorsement of the Non-Competitive procurement request :
(required only if the subject service involves information technology)

select one:

☐

Documentation Not Applicable to this Request

☒

Documentation Attached to this Request

(5) documentation of Department of Personnel endorsement of the Non-Competitive procurement request :
(required only if the subject service involves training for state employees)

select one:

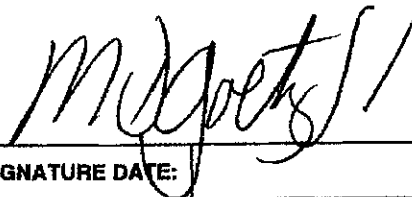
☒

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

AGENCY HEAD REQUEST SIGNATURE:
(signed by the procuring agency head or
authorized signatory)



SIGNATURE DATE:

Procurement Process for Merchant Services Contract

Current Contract Information:

Contractor	Description	Begin Date	End Date	Contract Amount
Key Merchant Services, LLC (KMS)	Statewide Credit Card & Debit Card Processing; Visa/Mastercard Acceptance & Settlement; Debit Card Acceptance & Settlement	7/10/2000	7/9/2005	\$4,500,000

Procurement Process Summary:

Issue Date	Document	Description and/or Result	# Responses	Evaluation of Technical Proposals	Evaluation of Cost Proposals	Notice Date
11/19/2002	Request for Information (RFI) RFS 317.05-001	RFI sent to 15 companies for the purpose of better understanding new advances in credit/debit card acceptance. Companies were asked to provide responses to various technical questions concerning credit/debit card acceptance and processing.	9	n/a	n/a	n/a
9/8/2003	Request for Proposals (RFP) RFP 317.05-013	RFP for electronic payment acceptance and processing services sent to 32 potential vendors.	8	(1) Govolution Incorporated and (2) 5th 3rd Bank (proposal after deadline) - Multiple Proposals (3) Key Merchant Services, LLC and (4) U. S. Bank Merchant Payment Services - Multiple Proposals (5) Concord EFS, Inc./Link2Gov Corp. and (6) Bank of America/Link2Gov - Multiple Proposals (7) Global Payments Direct - nonresponsive to mandatory proposer qualifications (8) Paymentech L. P. - nonresponsive to mandatory proposer qualifications	n/a - based on the failure of all proposals to meet technical specifications, the RFP was cancelled	10/30/2003
12/5/2003	Request for Proposals (RFP) RFP 317.05-020	RFP for electronic payment acceptance and processing services sent to 36 potential vendors.	7	(1) Key Merchant Services, LLC and (2) U. S. Bank Merchant Payment Services - Multiple Proposals (3) Paymentech L. P. - nonresponsive to mandatory proposer qualifications	(1) Bank of America modified/qualified the Cost Proposal so in compliance with RFP language the proposal was deemed nonresponsive (2) Concord EFS, Inc./Link2Gov Corp. modified the Cost Proposal so in compliance with RFP language the proposal was deemed nonresponsive	2/17/2004

Procurement Process Summary:

Issue Date	Document	Description and/or Result	# Responses	Evaluation of Technical Proposals	Evaluation of Cost Proposals	Notice Date
2/17/2004	Competitive Negotiation Solicitation - RFS 317.05-022	Competitive Negotiation Solicitation for electronic payment acceptance and processing services sent to 8 vendors	5	(4) Nationwide Payment Solutions, LLC and (5) First Data - Proposals received after the deadline (6) Concord EFS, Inc./Link2Gov Corp. - Technical Proposal met technical requirements (7) Bank of America - Technical Proposal met technical requirements (1) Paymentech L. P. and (2) Bank of America - letter not responding due to contract issues (3) Key Merchant Services, LLC - non-responsive to Mandatory Requirements. (4) GP Money Services - faxed one response including price schedule - non-responsive to Mandatory Requirements. (5) U S Bank - price schedule not sealed - response primarily to previous RFP not to Competitive Negotiation	None of the offers submitted complied with the Solicitation's requirements and as a result, all offers were determined nonresponsive.	3/29/2004
11/4/2004	Request for Proposals (RFP) RFP 317.05-029	RFP for electronic payment acceptance and processing services sent to 43 potential vendors.	5	(1) Wachovia Merchants Services /NOVA Information Systems and (2) U. S. Bank Merchant Payment Services/NOVA Information Systems - Multiple Proposals (3) Global Payments Direct, Inc. - Cost data in Technical Proposal and not a member of Visa/MasterCard (4) First Data - Cost data in Technical Proposal and not a member of Visa/MasterCard (5) Bank of America/Link2Gov - Technical Proposal met technical requirements	(1) Bank of America modified 1 cost item (Diners Card per item charge) in the Cost Proposal so in compliance with RFP language the proposal was deemed nonresponsive.	1/31/2005
2/1/2005	Request: Non-Competitive Contract	Fiscal Review voted to recommend approval of the contract by the Commissioner of Finance and Administration and OCR approved February 9, 2005.		n/a	n/a	

Procurement Process Summary:

Issue Date	Document	Description and/or Result	# Responses	Evaluation of Technical Proposals	Evaluation of Cost Proposals	Notice Date
		Met with Bank of America (BOA) on February 15th to work through its Merchant Agreement. BOA expressed concern over there being just one contract. Discussed with and met with BOA several times. On March 28th, BOA called and withdrew from the opportunity to contract with the State citing its inability to sign one contract, the contract. BOA's practice is to sign a contract with the customer and then its partner, in this case Link2Gov, to sign its own contract with the customer.				

ADDENDUM TO:

2. justification for using Alternative Procurement Method rather than an RFP:

F&A has tried the procurement process several times. The RFP process has been difficult for proposers to pass without making an error. By using this method, there is no evaluation of a technical proposal beyond the commitment of Mandatory Requirements, thus eliminating the risk for technical non-compliance by an error by the proposer in the technical proposal portion.

M.D. [Signature] 4-28-05

CONTRACT SUMMARY SHEET

021406

RF#	Contract #
317.05-080	FA-05-16373
State Agency	State Agency/Division
Finance and Administration	Accounts
Contractor Name	Contractor ID# (FEIN or SSN)
Link2Gov Corporation	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-1868563

Service Description			
Contract for credit/debit card acceptance and processing services			
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	ICF/DA?
5/27/2005	5/26/2010		

Mark Each TRUE Statement	
<input checked="" type="checkbox"/> Contractor is on STARS	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.05	4831	083	12		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			\$ 50,000.00		\$ 50,000.00
2006			\$ 500,000.00		\$ 500,000.00
2007			\$ 500,000.00		\$ 500,000.00
2008			\$ 550,000.00		\$ 550,000.00
2009			\$ 500,000.00		\$ 500,000.00
2010			\$ 500,000.00		\$ 500,000.00
TOTAL:	\$ -	\$ -	\$ 2,600,000.00	\$ -	\$ 2,600,000.00

— COMPLETE FOR AMENDMENTS ONLY —			State Agency/Fiscal Contact & Telephone
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Rhonda Hicks 741.8795
			State Agency/Budget Officer Approval
			<i>Man Abby</i>
			Funding Certification (certification required by A/C/A, § 9-2-5118, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL:	\$ -	\$ -	
End Date			

Contractor Ownership (complete only for base contracts with contract # prefix FA or GR)			
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business <input checked="" type="checkbox"/> NOT disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—

Contractor Selection Method (complete for ALL base contracts — N/A to amendments or delegated authorities)			
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method	
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government (eg, ID, GG, GU)	<input checked="" type="checkbox"/> Other	

Procurement Process Summary (complete for Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)
--

Alternative Procurement Request

Cost center change
2007 to 4831

CONTRACT SUMMARY SHEET

RFS Number:	317.05-046	Contract Number:	FA-05-16373-00
State Agency:	Department of Finance & Adm	Division:	Accounts
Contractor		Contractor Identification Number	
Link2Gov Corporation		X	V- C-
		62-1868563	

Service Description

Contract for credit/debit card acceptance and processing services

Contract Begin Date	Contract End Date
May 27, 2005	May 26, 2010

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.05	2007	083	12	on STARS		
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)	
2005			50,000		50,000	
2006			500,000		500,000	
2007			500,000		500,000	
2008			550,000		550,000	
2009			500,000		500,000	
2010			500,000		500,000	
Total:	-	-	2,600,000	-	2,600,000	

CFDA #	State Fiscal Contact	Check the box ONLY if the answer is YES:
Name:	Rhonda Hicks	Is the Contractor a SUBRECIPIENT? (per OMB A-133)
Address:	14th Floor 312 8th Ave N	Is the Contractor a VENDOR? (per OMB A-133)
Phone:	741-9795	Is the Fiscal Year Funding STRICTLY LIMITED?
		Is the Contractor on STARS?
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?
		Is the Contractors Form W-9 Filed with Accounts?

COMPLETE FOR ALL AMENDMENTS (only)		
	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →		
FY: 2005		
FY: 2006		
FY: 2007		
FY: 2008		
FY: 2009		
FY: 2010		
Total:	-	-

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

MAY 27 2005
RECEIVED
Office of Contracts Review

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
AND
LINK2GOV CORPORATION**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and Link2Gov Corporation, hereinafter referred to as the "Contractor," is for the provision of acquiring a broad range of merchant services, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit corporation. The Contractor's address is:

Link2Gov Corporation
1 Burton Hills Boulevard, Suite 300
Nashville, Tennessee 37215

The Contractor's place of incorporation or organization is Tennessee.

A. SCOPE OF SERVICES:

- A.1. Visa and MasterCard Acceptance, Authorization and Settlement: Under the terms of this Contract the State will accept valid Visa and MasterCard credit and off-line debit cards when presented as payment for goods and services at State offices and facilities. The State will also accept valid Visa and MasterCard credit cards and off-line debit cards over the State's Internet Portal. The Contractor will arrange for payment to the State for amounts arising from Visa and MasterCard credit and debit cards where such indebtedness arises from transactions that comply with the terms of this Contract and represent bona fide sales or leases of goods or services.
- A.2. American Express, Diners, Discover Cards Authorization: The Contractor's processor shall meet all the rules and requirements necessary to process authorizations for American Express, Diners/Carte Blanche and Discover cards so that American Express, Diners/Carte Blanche and Discover cards are available for use at all Point-of-Sale and Internet locations. The State has entered into separate agreements for American Express, Diners/Carte Blanche and Discover cards that govern acceptance and settlement of these cards.
- A.3. On-line (PIN-based) Debit Card Acceptance, Authorization and Settlement. Under the terms of this Contract the State will accept on-line debit cards (PIN-based) when presented as payment for goods and services at State offices and facilities. The Contractor will arrange for payment to the State for amounts arising from debit cards where such indebtedness arises from transactions that comply with the terms of this Contract and represent bona fide sales or leases of goods or services.
- A.4. Visa Cardholder Information Security Program (CISP). The Contractor shall be a Visa CISP Compliant Service Provider and annually provide the State with a copy of its revalidation CISP Acceptance Letter. The Contractor shall provide the revalidation letter within thirty (30) days of its receipt from the card associations.
- A.5. Merchant Agreement. The State and Contractor shall agree to a separate Merchant Agreement that further delineates roles and responsibilities in credit card and debit card acceptance, presentation, authorization, and the management of refunds, credits, returns, and chargebacks. This Merchant Agreement is Attachment A to this Contract.
- A.6. Notification of Rate Changes. The Contractor shall provide written notification to the State of all applicable industry-wide interchange, dues, assessments and other fee changes by MasterCard and/or Visa at least 30 days prior to the effective date of the rate change.
- A.7. Authorization. The Contractor shall provide an on-line authorization service that is capable of capturing and verifying data necessary to electronically process MasterCard, Visa, American Express, Diners/Carte

Blanche, and Discover card transactions. Batch processing of authorizations is unacceptable. The on-line authorization service must operate 24 hours a day, 365 days per year.

- A.8. Settlement. The Contractor shall process electronic funds transfer and automated clearinghouse transactions related to the settlement of the State's credit and debit card transactions. Upon presentation of such card item to the Contractor, accompanied by a form or format provided by the Contractor listing all card items presented at such time, and subject to the terms, conditions, warranties, and the State's obligations set out in this agreement and in the Merchant Agreement defined in Section A.5. Merchant Agreement, above, the Contractor will process the card items in the appropriate clearing systems. Upon receipt of settlement of credit by the Contractor for such card items, the Contractor will cause "the Account" (as defined below in Section A.8.1.) to be credited with an amount equal to the credit received by the Contractor in respect of the card items processes. The period of time between the presentment of Visa and MasterCard card items to the Contractor and the credit of funds to the "the Account" (as defined below in Section A.8.1.) shall not exceed two business days.
- A.8.1. The Account. The State will maintain a demand account in good standing ("the Account") with a financial institution and account number as the State may determine, to be communicated to the Contractor in writing. Such financial institution shall be a State Depository institution pursuant to Tennessee Code Annotated, Section 9-4-107. Unless otherwise directed by the State all credits or transfers of card items herein under shall be made to the financial institution at the account number specified. All other credits or transfers shall be unauthorized transfers. The State shall take all action necessary to ensure that the Contractor has the right to debit or credit the Account under the terms of the contract.
- A.8.2. Automated Settlement. The Contractor will provide an automated settlement capability, which occurs without human intervention.
- A.9. Alternate Site and Systems. The Contractor will establish and maintain an alternative processing arrangement adequate to resume immediately the credit card authorization and processing services provided under this agreement, in the event the Contractor's primary operation site or equipment is unavailable due to either human error, equipment failure, man made or natural disaster.
- A.10. Chargebacks and Retrievals. The Contractor shall cooperate with the State to resolve any disputed Credit Cardholder charges that may occur in accordance with applicable law and the applicable rules, regulations, and operating procedures of MasterCard and Visa. The Contractor shall provide all available documentation to the State for chargebacks and retrieval requests. The Contractor shall provide sufficient information regarding the disputed charge as necessary to aid the State in resolving the claims.
- A.11. Reporting. The Contractor shall provide a web-based reporting solution that is hosted by the Contractor, in the form of an Application Service Provider (ASP). The means of accessing the hosted reporting solution must be through a secure connection. In order for a connection to be deemed secure, each connection and/or connection method, and the associated security method employed, must adhere to the State's Technical Architecture. In order for the downloading of captured and settled transactions to be deemed secure, 128-bit secure sockets layer (SSL) (for web-based transactions) or Triple Data Encryption Standard (3DES) equivalent or greater (for batch transactions) must be used.

The Contractor shall provide reports from a statewide (corporate) level as well as the agency and individual merchant location levels. On a daily basis, State of Tennessee, Department of Finance and Administration's Division of Accounts must be able to access reporting for all of the State's merchant locations and securely download a single file of all captured and settled transactions. For security purposes, each participating agency must be able to access reporting for all of its merchant locations without having access to any other agencies' merchant locations.

The Contractor shall control access to its reporting solution by individual user-ids and passwords. The Department of Finance and Administration's Division of Accounts must approve agency requests for access to the reporting solution. The use of individual user-ids and passwords is a State required security standard.

- A.12. Merchant Numbers. Upon the State's request, the Contractor will establish and maintain merchant numbers for each agency location accepting credit/debit card transactions. New merchant numbers shall be established within five business days.
- A.13. Equipment/Software. The Contractor shall reprogram existing State-owned point-of-sale equipment that can meet card association requirements or replace existing point-of-sale equipment. Point-of-sale equipment must be programmed so that no more than the last 5 digits of the card number or the expiration date is printed upon any receipt provided to the cardholder at the point of sale or transaction. The Contractor will provide authorization and imprinting equipment and/or software at additional merchant/sales locations as needed by the State. All equipment provided will be new, commercially available equipment. The Contractor will provide routine and non-routine servicing and maintenance of equipment at each location on conditions and terms to be mutually agreeable to the Contractor and the State.
- A.14. Certifications. The Contractor shall provide the necessary message formats and communication requirements to the State for system interfaces.
- A.14.1. The Contractor shall provide the necessary message formats and communication requirements for existing State applications. These formats shall support retail, lodging/hospitality and restaurant industries.
- A.14.2. For new applications, the Contractor shall complete system interface certifications within 60 days from the date the State provides notice to the Contractor that the new system application is complete and the telecommunication connections are in place.
- A.15. Training. The Contractor shall at the request of the State provide training sessions at locations to be determined by the State and at times to be mutually agreeable to both the Contractor and the State. In addition, the Contractor will provide the State with continuation training by telephone to State staff members as part of its regular merchant services and provide on-site continuation training when requested by the State, on mutually agreeable terms.

The State will require training prior to implementation activity under this contract. Agency staff attending these sessions will include staff from the business area, accounting and technical areas.

The training sessions must include but are not limited to:

- a. Onsite training for staff utilizing Contractor provided reporting application
- b. Telephone training for staff utilizing equipment or software

Onsite training should also provide information on the functions and options available under the contract, authorization and settlement processes, implications of processing cut-off times for settlement, reporting capability for reconciliation, and industry rules, terms and conditions.

- A.16. Project Staff. The State requires the Contractor to supply the following Core Team personnel at a minimum:

One (1) Project Manager with a minimum of two (2) years of current experience in managing large, complex projects with outstanding interpersonal and communication skills. The project manager must have management responsibility for project quality. He/she must have sufficient authority to act independently to resolve quality related issues at the project level. The project manager must maintain current knowledge of the project's status and be accessible to State project management.

One (1) Customer Service Representative with a minimum of two (2) years of current experience as a Customer Service Representative with excellent interpersonal and communication skills. The customer service representative is expected to be the lead role for the day-to-day operations and interactions that may occur between the State and the Contractor. Areas of knowledge should include, but not be limited to, transaction processing, settlements, and data.

One (1) Technical Solutions Representative with a minimum of two (2) years of current experience in participating in and coordinating system interfaces with outstanding interpersonal and communication skills. The technical solutions representative is expected to coordinate the successful resolution of technological issues that are encountered above and beyond day-to-day operations. Areas of action would include system interface certifications, connectivity issues, and reporting solution issues not related to end-user training.

Core Team personnel will be available for weekly conference calls during conversion and rollout and throughout the contract as requested by the State. In addition, the Contractor will provide a customer service center which operates 24 hours a day, 365 days per year for day to day resolution of acceptance, authorization, processing or settlement issues.

- A.17. Statewide Rollout. The Contractor will implement statewide rollout of services under this Contract to smoothly transition from the current contract. The Contractor shall provide an installation and implementation schedule to the State for review and approval within three (3) business days after announcement of contract award.
- A.18. Technical Support. The Contractor shall provide technical support for the successful management, operation and implementation of the proposed solution, which must operate 24 hours a day, 365 days per year.
- A.19. Security. The Contractor shall provide the ability to execute secure, two-way transactions and ensure that card numbers, name, address, and expiration dates are secured through encryption, authentication, and other standard credit card operating procedures. The Contractor will maintain and ensure data integrity and user confidentiality and privacy as described in Section E.6. of this Contract. The Contractor will ensure that security provisions described in the Contractor's proposal to the State are maintained throughout the length of this Contract. The Contractor will report to the State any compromise of network security involving the State's transactional data.
- A.20 Performance Standard Guarantee.
- a. Standards. The Contractor agrees the following performance standard shall be met upon successful implementation in accordance with the approved installation and implementation schedule.
 - 1. Assuming that national electronic payment networks and communication networks are working properly, card transaction processing shall be continuous.
 - b. Guarantee. If none of the State's merchant locations have the capability to authorize transactions for a twenty four (24) hour period, the Contractor's compensation shall be reduced by \$500 for each such 24-hour lapse of service.
 - c. Waiver of Reduction. The State shall notify the Contractor in writing within 10 calendar days of any reduction in compensation to be made pursuant to this Section. Any amount assessed hereunder may be waived by the State upon presentation of written documentation from the Contractor indicating why the standard was not met. Such documentation must be submitted to the State within ten (10) calendar days of the issuance of a notice of reduction.

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on May 27, 2005 and ending on May 26, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two million six hundred thousand dollars (\$2,600,000.00). The Unit Prices in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Prices include, but are not limited

to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Prices detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. Compensation Firm. The Unit Prices and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology. The Contractor shall be compensated based on the actual costs paid by the Contractor for the credit card associations' and the debit networks' interchange, dues, assessments and fees and the Unit Prices set forth in Attachment B to this Contract, in amounts not to exceed the Contract Maximum liability established in Section C1. The Contractor's compensation shall be contingent upon the satisfactory completion of services as defined in the Scope of Services section of this contract.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation. Such invoices shall be submitted for completed units of service for the amount stipulated.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.

C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.

- D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under **Tennessee Code Annotated**, Sections 9-8-101 through 9-8-407.
- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Terry Mason, Accounting Manager
Department of Finance and Administration
312 8th Avenue North, 14th Floor Tennessee Tower, Nashville, TN 37243
615.741.9744
615.532.2332 fax

The Contractor:

Link2Gov Corporation
David Stephenson, Vice President of Channel Sales
1 Burton Hills Boulevard Suite 300
Nashville, TN 37215
615.297.2770 ext. 229
615.297.9032 fax
dstephenson@Link2Gov.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.
- E.5. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

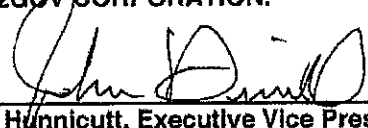
- E.6. Catalog of Products and Services Supplement(s). During the course of this contract, the State may request the Contractor to update the Catalog of Products and Services with additional product(s) or service(s). The additional data product(s) or service(s) shall be within the general scope of services. The State shall provide the Contractor with a written description of the additional product or service, and the Contractor shall submit a price for the additional item(s). If the State and Contractor reach an agreement regarding the product(s) or service(s) and the fee associated with the addition, the agreement shall become effective by means of a contract amendment. Any such amendment requiring additional product(s) or service(s) must be mutually agreed upon by the parties and signed by the Contractor and the head of the procuring State agency and must be approved by other State officials as required by State laws and regulations. The Contractor shall not commence additional work until the State has issued a written contract amendment and secured all required approvals.
- E.7. Date/Time Hold Harmless. As required by **Tennessee Code Annotated**, Section 12-4-118, the Contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.
- E.8. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in **Tennessee Code Annotated**, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the

Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

- E. 9. Interchange, Dues, Assessments and Fees. The Contractor shall maintain documentation of the actual costs for the credit card associations' and the debit networks' interchange, dues, assessments and fees paid by the Contractor. The Contractor shall provide such documentation as well as documentation of the credit card associations' and the debit networks' interchange descriptions, rates and fees at the State's request. The Contractor shall maintain such documentation in accordance with Section D.8. Records.
- E.10 Certificate of Insurance. The Contractor shall send a Certificate of Insurance Coverage to the State for each policy period covered during the length of the Contract, and shall notify the State of any change in the Financial Institution Blanket Bond Coverage. If the Contractor utilizes a financial institution for settlement, the Contractor shall send the Certificate of Insurance Coverage for the settlement bank.


IN WITNESS WHEREOF:

LINK2GOV CORPORATION:


John Hunnicutt, Executive Vice President/Secretary

5/26/05
Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner

5-27-05
Date

APPROVED:

per FdA Commissioner Signature above

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner

MAY 27 2005
Date

COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the Treasury

5/27/05
Date

MERCHANT AGREEMENT



**SUBMITTER MERCHANT AGREEMENT
PAYMENT PROCESSING INSTRUCTIONS AND GUIDELINES**

Paymentech, L.P. ("Paymentech" or "we", us" or "our" and the like) and Link2Gov, Corp. ("Link2Gov") are excited about the opportunity to provide you with state-of-the-art payment card processing services. For ease of reference, we will refer to the agency signing these instructions and guidelines below as ("you", "yours" and the like). The following information is designed to inform and assist you as we begin our relationship.

Important Definitions

To help you understand these instructions and guidelines, you will need to understand these defined terms.

- **Authorization** is the authorization of all entries to a consumer's account given by the consumer to you. The authorization must be obtained in a manner and form consistent with the regulations pertaining to consumer authorizations as consistent with NACHA rules and regulations and Regulation E, and, where required thereby, must be in writing. Authorization is required for all ACH transactions both recurring and non-recurring.
- **ACH** is an electronic debit or credit to or from your bank account; or an electronic debit or credit to a consumer's bank account as authorized by an agreement between you and the consumer which represents a sale of Products to the consumer.
- **Association** is a group of Card Issuer banks or debit networks that facilitate the use of payment cards, such as the systems operated by MasterCard International, Inc. and Visa, Inc., NYCE, Pulse, Star, and Interlink debit networks.
- **Association Rules** are the bylaws, rules, and regulations, as they exist from time to time, of the Associations.
- **Card** is both the plastic card or other evidence of the account and the account number, issued by a Card Issuer or a debit network to the Cardholder, either of which you accept from your customers as payment for their purchases from you, and for which Paymentech agrees to process.
- **Cardholder** is the person to whom the Card is issued and who is entitled to use the Card.
- **Chargeback** is a reversal of a Card sale you previously presented to Paymentech pursuant to Association Rules.
- **ECP** is electronic check processing which are ACH or Facsimile Draft transactions sent by you to us for the purposes of debiting or crediting consumer demand deposit or savings accounts.
- **ECP Return** is the reversal of charge that you have previously presented for ECP, or the receipt of a Notification of Change. It is generally initiated by the consumer's bank at the request of the consumer or may be caused due to invalid account data, insufficient funds at the receiving institution or any reason allowed by Federal Reserve Regulations pertaining to the ACH system.
- **Facsimile Draft** means a non-electronic document representing Sales Data created by Paymentech upon your request.
- **NACHA** means the National Automated Clearing House Association, which is an organization that establishes and controls the rules and regulations under which financial institutions may process ACH transactions.
- **Notification of Change** is a non-dollar transaction sent to us by the receiving institution which advises that the data contained in the original transaction is either incorrect or has been changed. The Notice of Change provides the correct data allowing for the processing of the Transaction.
- **Prenote** means a non-dollar transaction sent through the ACH network by us at your request to a consumer's bank for the purpose of verifying the accuracy of the account data. It has the same information (with the exception of the dollar amount and transaction code) that will be carried on subsequent entries. Prenotes are optional.
- **Products** mean those goods and services that are sold or rendered by you in connection with your usual business.
- **Retrieval Request** is a request for information by a Cardholder or Card Issuer relating to a claim or complaint concerning a Card sale you have made.
- **Sales Data** is the evidence and electronic record of a sale or lease transaction representing payment by use of a Card or of a refund/credit to a Cardholder.
- **T&E Card** is a travel and entertainment Card issued by American Express, Novus/Discover, Carte Blanche, Diner's Club, or such other T&E Card for which we may agree to accept submissions in the future.
- **Validation** is the process by which we determine if the Sales Data or Prenote presented are capable of being processed through the Federal Reserve System.
- **Verification** means the system of electronically matching Sales Data information against a negative file account database for the purpose of identifying accounts which have unpaid checks outstanding or have been closed for cause. There is no financial recourse or payment provided for any checks that are later returned regardless of the verification response.

Your Acceptance of Cards

- Each sale you make involving a Card must be evidenced by a single Sales Data record completed with the sale date and the sale amount, and other information as required by the Associations or by us. You are not allowed to set a dollar amount above or below which you refuse to honor otherwise valid Cards.
- You agree to comply with all Association Rules, as may be applicable to you and in effect from time to time and of which you have been informed. You understand that we may be required to modify these instructions and guidelines in order to comply with requirements imposed by the Association Rules.
- The Association Rules require that each Sales Data you tender to us for processing comply with the following conditions: (1) The Sales Data represents payment or refund of payment, for the bona fide sale or lease of the goods, services or both, which you have provided in the ordinary course of your business; (2) The Sales Data does not involve any element of credit for any purpose other than payment for a current transaction (including payment of a previously-dishonored check) and, except in the case of approved installment or pre-payment plans, the goods have been shipped or services actually rendered to the Cardholder; (3) To your knowledge, the Sales Data is free from any material alteration not authorized by the Cardholder; and (4) You have not advanced any cash to the Cardholder or to yourself in connection with the Card transaction, nor have you accepted payment for effecting credits to a Cardholder's account.
- In offering payment options to your customers, you may elect any one of the following options: (1) Accept all types of Visa and MasterCard Cards, including consumer credit and debit/check cards, and commercial credit and debit/check cards; (2) Accept only Visa and MasterCard credit cards and commercial cards (if you select this option, you must accept all consumer credit cards (but not consumer debit/check cards) and all commercial card products, including business debit/check cards); Accept only Visa and MasterCard consumer debit/check cards (if you select this option, you must accept all consumer debit/check card products (but not business debit/check cards) and refuse to accept any kind of credit cards). The acceptance options above apply only to domestic transactions and, as such, they do not apply to Visa or MasterCard Cards issued by non-U.S. banks. In other words, if your customer presents a Visa or MasterCard Card issued from a European or Asian bank, for example, Association Rules require you to accept that card just as you would any other card (provided you receive a valid authorization and confirm the identity of the cardholder with a signature or otherwise, etc.), regardless of the acceptance option choice you have made and even if you have elected not to accept that type of Card from U.S. issuers.
- If you choose to limit the types of Cards you accept, the following rules apply to you: (1) You must display appropriate signage to indicate acceptance of the limited acceptance category you have selected (that is, accept only debit/check card products or only credit and commercial products); and (2) Any Sales Data submitted into interchange outside of the selected product category will be assessed the standard interchange fee applicable to that Card product and may also have additional fees/surcharges assessed.
- All available information about the sale, including handling and shipping charges, if applicable must be accurately recorded. You are responsible for determining that the purchaser is the person whose name appears as the Cardholder. If an account number is transposed into an invalid or inappropriate account number, the sale will result in a Chargeback.
- For recurring transactions, you must obtain a written request or similar authentication from the Cardholder for the goods and/or services to be charged to the Cardholder's account, specifying the frequency of the recurring charge and the duration of time during which such charges may be made. You must not complete any recurring transaction after receiving: (i) a cancellation notice from the Cardholder (ii) notice from Paymentech or an Association; or (iii) an authorization code that the Card is not to be honored. You must include in your Sales Data the electronic indicator that the transaction is a recurring transaction.

Authorizations

- The Card Associations require you to obtain authorization codes for all Card transactions. We will designate an authorization center for you to contact. Under certain circumstances, we will make authorization/approval code requests on your behalf, if you have not otherwise provided an authorization/approval code. Please understand that receiving an authorization code for a Card transaction indicates only that credit is available for the Card transaction at the time the authorization is given, and it does not constitute a representation from us or from the Cardholder's issuing bank that a particular Card transaction is in fact a valid or undisputed transaction entered into by the actual Cardholder or an authorized user of the Card.

Refunds and Adjustments

- The Card Associations require you to maintain a fair policy with regard to the return/cancellation of merchandise or services and adjustment of Card sales. You must also disclose your return/cancellation policy to your customers.
- If you allow a price adjustment, return of merchandise or cancellation of services in connection with a Card sale, you must prepare and deliver to us Sales Data reflecting such refund or adjustment within 3 days of receiving the customer's request for such refund/adjustment. The amount of the refund/adjustment cannot exceed the amount shown as the total on the original Sales Data except by the exact amount required to reimburse the Cardholder for postage that the Cardholder paid to return merchandise. You are not allowed to accept cash or any other payment or consideration from a customer in return for preparing a refund to be deposited to the Cardholder's account nor to give cash refunds to a Cardholder in connection with a Card sale, unless required by law.
- Paperwork is not necessary for an even exchange. For an uneven exchange, complete a credit for the total amount of the merchandise being returned and complete a new sales transaction for any new merchandise purchased.
- Please be aware, if your refund policy prohibits returns under certain circumstances, you may still receive a Chargeback relating to such sales pursuant to the Association rules.

Settlement

- In order to receive the most favorable interchange rate, you need to transmit your Sales Data to us on the next business day immediately following the day that such Sales Data is originated. For debit Card transactions that are credits to a Cardholder's account, you must transmit such transaction to us within 24 hours of receiving the authorization for such transaction. Late submission of Sales Data may result in higher Association fees and/or a Chargeback to you.
- We will settle all proceeds from your Card transactions in accordance with the *Funding Schedule* that is attached to these instructions and guidelines.
- If you want us to process T&E Card transactions for you, you must have in effect a valid agreement with the respective T&E Card company. Upon transmission of such Sales Data by you, we will forward the Sales Data to the appropriate T&E Card company. Payment of the proceeds due you will be governed by whatever agreement you have with that T&E Card company, and we do not bear any responsibility for their performance. If your agreement with a T&E Card company requires the T&E Card company's consent for us to perform the services you want us to perform, you are responsible for obtaining that consent.
- Upon our receipt of your Sales Data for Card transactions, we will process your Sales Data to facilitate the funds transfer between the various Associations and you for Card sales. After we receive credit for such Sales Data, we will provide provisional credit to you as you designate in the *Funding Schedule*.
- You must not submit Sales Data for payment until the goods are delivered, shipped, or the services are performed. If the Cardholder disputes being charged for merchandise or services before receiving them, the result may be a chargeback to you. We may from time to time contact customers to verify that they have received goods or services for which Sales Data has been submitted.

Retrieval Requests

- The Associations require you to store original documentation of each transaction for at least six months from the date of the respective transaction, and to retain copies of all such data for at least 18 months from the date of the respective transaction. The Associations do not allow you to charge a fee for the creation or storage of such copies.
- We will send you any Retrieval Request that we cannot satisfy with the information we have on file concerning any Card sale. In response, you must provide us in writing by certified or overnight mail or by confirmed fax the resolution of your investigation of such Retrieval Request and include legible copies of any documentation required by the Retrieval Request within seven business days after we send it to you. Once we receive your response, we will take the appropriate steps in a timely manner to reduce the probability of the Cardholder's bank sending an unjustified Chargeback to you. Remember, your failure to fulfill a Retrieval Request in accordance with Association Rules may result in an Irreversible Chargeback to you.

Chargebacks

- You may receive a Chargeback from a Cardholder or Card Issuer for a number of reasons under the Association Rules. The following are some of the most common reasons for Chargebacks: (1) You do not issue a refund to a Cardholder upon the return or non-delivery of goods or services; (2) An authorization/approval code was required and not obtained; (3) The Sales Data is prepared incorrectly or fraudulently; (4) We did not receive your response to a Retrieval Request within seven business days as required by the Association Rules; (5) The Cardholder disputes the Card sale or the signature on the sale documentation, or claims that the sale is subject to a set-off, defense or counterclaim; (6) The Cardholder refuses to make payment for a Card sale because in the Cardholder's good faith opinion, a claim or complaint has not been resolved, or has been resolved by you but in an unsatisfactory manner; or (7) The Card was not actually presented at the time of the sale or you did not obtain an electronic record or a physical imprint of the Card, and the Cardholder denies making the purchase.
- If you have reason to dispute or respond to a Chargeback, then you must do so by the date provided by us on our report to you. We are not required to investigate, reverse or make any adjustment to any chargeback when thirty (30) calendar days have elapsed from the date of the Chargeback. All responses to Chargebacks must be in writing, and must contain the following information: (1) Date of debit/credit advice; (2) your case number; (3) the total amount of the Chargeback; (4) the date and dollar amount in which the sale/credit was originally submitted; (5) If known, the date and authorization code; and (6) Any supporting documentation to substantiate your claim. You should include a dated cover letter detailing the reasons for requesting a review of the Chargeback.

Data Security and Privacy

- We will exercise reasonable care to prevent disclosure or use of Card information, other than as permitted under the Association Rules. You must exercise reasonable care to prevent disclosure of Card information, other than to your agents and contractors for the purpose of assisting you in completing a Card transaction, or to the applicable Association, or as specifically required by law. Each party will store all media containing Card numbers in an area limited to selected personnel and prior to either party discarding any material containing Cardholder information, the party will destroy it in a manner rendering the Card account numbers unreadable. If at any time either party determines that Card account number information has been compromised, such party will notify the other party immediately and assist in providing notification to the proper parties as we deem necessary. Merchant information may be shared by us with our affiliates subject to the provisions of this Agreement and Association Rules. Association Rules require you to comply with all security standards and guidelines that may be published from time to time by Visa, MasterCard or any other Association, including, without limitation, the Visa U.S.A. Cardholder Information Security Program (collectively, the "Security Guidelines"). Pursuant to CISP, you must: (1) Install and maintain a working network firewall to protect data accessible via the Internet; (2) Keep security patches up-to-date; (3) Encrypt stored data and data sent over open networks; (4) Use and update anti-virus software; (5) Restrict access to data by business "need-to-know"; (6) assign a unique ID to each person with computer access to data; (7) Not use vendor-supplied defaults for system passwords and other security parameters; (8) Track access to data by unique ID; (9) Regularly test security systems and processes; (10) Maintain a policy that addresses information security for employees and contractors; (11) Restrict physical access to cardholder information; and (12) When outsourcing administration of information assets, networks, or data, retain legal control of proprietary information and use limited "need-to-know" access to such assets, networks or data. Please note that failure to comply with the CISP requirements and other Security Guidelines may result in fines and/or penalties being levied against you or against us because of your actions by the Associations. If this occurs you agree to reimburse us immediately for any fine or penalty imposed due to your violation of the Security Guidelines.
- The Associations require you to post and maintain on all your applicable web sites both your consumer data privacy policy and your method of transaction security.
- The Associations prohibit you from retaining or storing CVV2/CVC2 data subsequent to the authorization.

- The Association Rules provide that Cardholder information and transaction data is owned by the Associations, the Card Issuer and the Cardholder.
- You may not use any Card or Cardholder information other than for the sole purpose of completing the transaction authorized by the customer for which the information was provided to you, or as specifically allowed by Association Rules, or required by law. Any Association or its designee may inspect your premises and computers, and the premises and computers of any company you have contracted with, for the purposes of verifying that Cardholder information is securely stored and processed, and is not used for any purpose other than processing the transactions to which it relates.

Electronic Check Processing

- You are not required utilize us for electronic check processing. If you choose to send us ECP transaction, you must present Sales Data to us in the same manner you submit other Sales Data to us. All Sales Data must be supported by a previously obtained Authorization, if required, from the consumer.
- We will deliver to a participant in the Federal Reserve System data representing such Sales Data that pass the Validation process in a timely manner allowing for the initiation of an ECP transaction to the consumer's bank account. We will report to you those transactions which fail the Validation process.
- The delivery to us of such Sales Data shall constitute an assignment to us by you, conditional upon your compliance with these instructions, of each item of Sales Data and the indebtedness thereunder.
- You must obtain the consumer's Authorization prior to the initiation of any ECP transaction and you must maintain a file containing such Authorizations.
- You cannot reinitiate ECP transactions once they have received a "Payment Stopped" as a reason for return, unless an Authorization from the customer overriding the stop payment has been received.
- You are responsible for complying with the laws and regulations governing the initiation of preauthorized electronic debit entries, including but not limited to the Electronic Fund Transfer Act of 1978 and Federal Reserve Regulation E, as it may be amended from time to time, and all applicable NACHA rules and regulations.

Debit Bill Payment

- Upon your request, we will provide you with the ability to accept customers' debit cards or ATM cards for payment with the debit network logos for NYCE, STAR and PULSE, without use of personal identification numbers ("PINs") (the "Services"). These debit networks allow merchants to accept debit card or ATM card payments under the rules and regulations they have established for debit bill payment.
- You will allow transactions without a PIN for bill payments to be processed through your customer-facing payment platforms, which are solely controlled and operated by you and not included within the services we provide to you. Paymentech will immediately provide and continually update a bank identification number ("BIN") file for you to determine whether the card presented by each customer can be processed over the debit networks, i.e., whether it is a debit card that can be processed, or credit card that cannot be processed. You agree to provide all bill payment data in accordance with the pre-existing and independently-developed Paymentech data processing formats that are used for generic payment processing. If the Card's BIN range is found on the BIN table, you may format the transaction as a debit bill payment and process the transaction through the debit networks, provided you have made all the required disclosures to, and given the consumer/cardholder the required payment choice language and the option to cancel the payment before it's completed if they choose to do so.
- We will settle with you on any submitted debit bill payment transaction that you have processed and sent to us through the network correctly and that has not been rejected in the network for any other reason in accordance with our pre-existing and independently-developed data processing systems.
- We will report to you both authorized but unsettled and settled debit bill payment transactions on a daily basis via a secured and password protected Internet connection in accordance with our pre-existing and independently-developed reporting systems. The debit bill payment transactions successfully deposited will be categorized by network, i.e., method of payment (e.g., Star, Pulse or NYCE).

Please acknowledge your receipt of these Instructions and guidelines and your agreement to comply therewith.

State of Tennessee Department of Finance and Administration
Name of Government Entity or Agency

By: _____

Printed Name: _____

Title: _____

Date: _____

Agreed and Accepted by:

Link2Gov, Corp.

Agreed and Accepted by:

PAYMENTECH, L.P.

By: PTI General Partner, LLC

Its: General Partner

By: _____

Print Name: Ed Braswell

Title: Chief Executive Officer

Date: _____

Address: 1 Burton Hills Blvd., Suite 300, Nashville, TN 37215

By: _____

Print Name: Sheryl M. York

Title: Director

Date: _____

Address: 4 Northeastern Boulevard, Salem, NH 03079

Link2Gov/040605/Ver-27Adden



FUNDING SCHEDULE

In order to receive funds from Paymentech, you must maintain a bank account at a bank that is a member of the Automated Clearing House ("ACH") system and the Federal Reserve wire system. You are solely liable for all fees and costs associated with your bank account and for all overdrafts. You authorize Paymentech to initiate electronic credit and debit entries and adjustments to your bank account in accordance with this funding schedule. We will not be liable for any delays in receipt of funds or errors in bank account entries caused by third parties, including but not limited to delays or errors by the Associations or your bank.

The proceeds payable to you shall be equal to the amounts received by us in respect of your Sales Data less all Chargebacks and Cardholder refunds. Such amounts will be paid to you promptly following our receipt of the funds. If the Sales Data does not represent sufficient credits or the bank account does not have a sufficient balance to pay amounts due from you under this funding schedule, we may pursue one or more of the following options: (i) demand and receive immediate payment for such amounts; (ii) debit your bank account for the amount of the negative balance; (iii) withhold your settlement payments until all amounts are paid; (iv) delay presentation of your refunds until you make a payment to us of a sufficient amount to cover the negative balance; and (v) pursue any remedies we may have at law or in equity.

Unless and until we receive written instructions from you to the contrary, all amounts payable by Paymentech to you will be deposited in the bank account designated and authorized by you on the Addendum For Application For Credit Card Processing Service Agreement/New Division Request.

CONTRACT ATTACHMENT B

UNIT PRICES

Cost Item Description	Unit	Unit Price- Year 1	Unit Price- Year 2	Unit Price- Year 3	Unit Price- Year 4	Unit Price- Year 5
Authorization and Processing Fees:						
Visa and MasterCard - Rate Per Item (.XXXXX%)	\$ Volume	.04000%	.04000%	.04000%	.04000%	.04000%
Visa and MasterCard - Cost Per Item (\$.XXXXX)	Each	.12500	.12500	.12000	.12000	.12000
American Express - POS - Cost Per Item (\$.XXXXX)	Each	.12500	.12500	.12000	.12000	.12000
American Express - Internet - Cost Per Item (\$.XXXXX)	Each	.15000	.15000	.14500	.14000	.13500
Diners - POS - Cost Per Item (\$.XXXXX)	Each	.12500	.12500	.12000	.12000	.12000
Diners - Internet - Cost Per Item (\$.XXXXX)	Each	.15000	.15000	.14500	.14000	.13500
Discover - POS - Cost Per Item (\$.XXXXX)	Each	.12500	.12500	.12000	.12000	.12000
Discover - Internet - Cost Per Item (\$.XXXXX)	Each	.15000	.15000	.14500	.14000	.13500
Virtual Terminal Transaction - Cost Per Item (\$.XXXXX)	Each	.03000	.03000	.02500	.02500	.02500
On-line Debit card (PIN-based) - Cost Per Item (\$.XXXXX)	Each	.17500	.17500	.17000	.16500	.16000
Equipment:						
Replacement of existing POS terminals, printers & software for existing merchant/sales locations, with the following applications: <ul style="list-style-type: none"> Retail Application (features include: Address Verification, Purchasing Cards) Restaurant Application (features include: Waiter Banking, Server Report, IRS Tip Report) (With built-in pin pad and printer to be included)	Each	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Device Type: Verifone Omni 3740 For additional merchant/sales locations, purchase of POS Terminal, printer & software with the following applications: <ul style="list-style-type: none"> Retail Application (features include: Address Verification, Purchasing Cards) Restaurant Application (features include: Waiter Banking, Server Report, IRS Tip Report) IP-enabled terminal with Ethernet and dial capabilities With built-in pin pad and printer Device Type: Verifone Omni 3740	Each	\$495.00	\$490.05	\$485.15	\$480.30	\$475.50

Cost Item Description	Unit	Unit Price- Year 1	Unit Price- Year 2	Unit Price- Year 3	Unit Price- Year 4	Unit Price- Year 5
<i>Equipment: (cont)</i>						
<i>For additional</i> merchant/sales locations, purchase of POS Terminal, printer & software with the following applications: <ul style="list-style-type: none"> • Retail Application (features include: Address Verification, Purchasing Cards) • Restaurant Application (features include: Waiter Banking, Server Report, IRS Tip Report) • Lodging Application (features include: No Show Billing, Delayed Charge, Express Charge, Card Deposit Function, Rapid Check-In, Incremental Authorizations, Update Folio Information) 	Each	\$395.00	\$391.05	\$387.14	\$383.27	\$379.44
Device Type: Verifone Omni 7000						
Purchase of PC Software (for processing transactions at point-of-sale using a PC application):	Each	\$7.49	\$7.24	\$6.99	\$6.74	\$6.49
Software Title: LINK2POS (browser based with real-time reporting)						
Set-up Fee for Internet Virtual Terminal:	Each	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LINK2POS (browser based with real-time reporting)						
Purchase of Debit Card Pin Pad:	Each	\$129.00	\$127.71	\$126.43	\$125.17	\$123.92
Device Type: Pinpad 1000 (not required if Omni 3740 is utilized)						
Magnetic Card Reader for PC Software:	Each	\$89.00	\$88.11	\$87.23	\$86.36	\$85.49
Device Type: Wedge Model 1DT 3321						
PIN Pad for PC Software:	Each	\$129.00	\$127.71	\$126.43	\$125.17	\$123.92
Device Type: Pinpad 1000						
Combination Pin Pad/ Magnetic Card Reader for PC Software:	Each	\$269.00	\$266.31	\$263.65	\$261.01	\$258.40
Device Type: Verifone Omni SC5000						
<i>Equipment Maintenance:</i>						
Monthly Maintenance Fee for POS Terminal, printer & software	Each	\$4.49	\$4.49	\$4.49	\$4.49	\$4.49
Monthly Support Fee for PC Software (for processing transactions at point-of-sale using a PC application)	Each	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(Included with LINK2POS in Equipment above)						
Monthly Support Fee for Internet Virtual Terminal	Each	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(Included with LINK2POS in Equipment above)						

Cost Item Description	Unit	Unit Price- Year 1	Unit Price- Year 2	Unit Price- Year 3	Unit Price- Year 4	Unit Price- Year 5
<i>Other charges:</i>						
Merchant Number Set Up	Merchant #	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Merchant Number Maintenance	Merchant #	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95
Chargebacks	Each	\$9.95	\$9.95	\$9.95	\$9.95	\$9.95